Eurobank Global Markets Research
www.eurobank.gr/research
EurobankGlobalMarkets
Research@eurobank.gr

Eurobank

DAILY OVERVIEW
OF GLOBAL MARKETS & THE SEE REGION

December 30, 2013

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Dec. 30: pending home sales (Nov)
- Dec. 31: Consumer conf index (Dec)
- Jan.2
  - Initial jobless claims (Dec. 28)
  - ISM manuf (Dec)

SEE

SERBIA

- Dec. 30
  - IP (Nov)
  - Trade Balance (Nov)
  - Retail sales (Nov)
  - GDP (Q3, f)

BULGARIA

- Dec. 30
  - PPI (Nov)
  - Budget balance (Nov)
- Jan. 2: Reserve assets (Dec)

Source: Reuters, Bloomberg, Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Major stock markets around the globe remained on a firm footing on Monday with several indices standing close to recent multi-year/record highs.

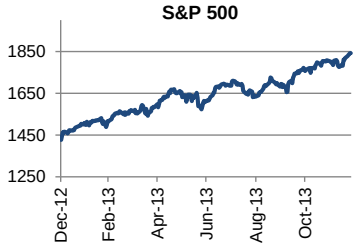
SOUTH EASTERN EUROPE

SERBIA: An IMF mission is expected to arrive in Belgrade mid-February, in order to negotiate a new precautionary arrangement.

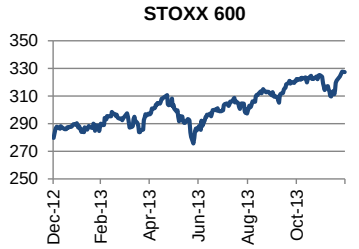
ROMANIA: RON markets were relatively quiet on Friday with trade volumes remaining at low levels in view of the holidays.

CESEE Markets: **CESEE stock markets** moved broadly higher on Friday, regional currencies broadly weakened on position squaring ahead of year-end.

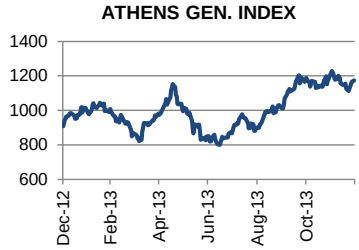
DISCLAIMER
This report has been issued by Eurobank Ergasias S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.



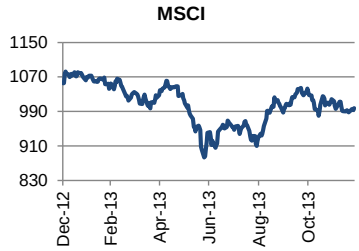
Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Credit Ratings

L-T ccy	Moody's	S&P	Fitch
SERBIA	*B1*	*BB-*	*BB-*
ROMANIA	*Baa3*	*BB+*	*BBB-*
BULGARIA	*Baa2*	*BBB*	*BBB-*
CYPRUS	*Caa3*	*B-*	*B-*

Source: Reuters, Bloomberg, Eurobank Global Markets Research

Latest world economic & market developments

GLOBAL MARKETS

Major stock markets around the globe remained on a firm footing on Monday with several indices standing close to recent multi-year/record highs. However, trade volumes remained thin in view of the holiday season. Indicatively, the S&P 500 and the Dow Jones Industrial Average hit new record peaks late last week, while the Stoxx Europe 600 index reached its highest level since mid-2008 earlier today. In the FX markets, the EUR remained supported ahead of year-end and following ECB President Mario Draghi's comments to German magazine Spiegel on Saturday reportedly suggesting that there is no urgency in further reducing the Central Bank's main interest rate. Along these lines the EUR/USD hovered around levels of 1.3765 earlier today, remaining within distance from a near 2-year peak of 1.3893 hit on Friday.

Latest developments in the CESEE region

CESEE markets

CESEE stock markets moved broadly higher on Friday. Notably, many bourses in the region were closed for Christmas holidays late last week, while trade volumes remained thin ahead of year end. Ukraine's PFTS led the winners' pack, bouncing by 0.85% and overshadowing a 0.44% rise in the MSCI benchmark index of emerging equities which was primarily led by gains in Chinese stocks. On the flipside, Turkey's BIST 100 was the major underperformer in the region, plummeting by 1.04% in the prior session and posting weekly losses to the tune of 8.18% to mark its worst weekly performance in years. Additionally, the index hit a 1-½-year low near 61,150 points intraday on Friday, ending the session with year-to-date losses of ca 16%. Domestic bourses in Turkey have been rattled over the last two weeks against a background of escalating domestic political jitters, following a wide-range corruption probe on prominent businessmen, local government officials and ministers' sons. This development in turn led to the resignation of three Ministers as well as to the removal of several police and judicial officials from their posts, while anti-government rallies were staged over the last few days. The news comes around three months ahead of local elections in Turkey, seen as a key test for the ruling AKP's popularity. In the **FX markets**, regional currencies broadly weakened on Friday on position squaring ahead of year-end. The Turkish lira led the losses in the region, plummeting to a new record low of 2.1764/USD, primarily driven lower by escalating domestic political tensions. The currency has lost ca 18% against the USD so far this year in view of rising political jitters, relatively low interest rates and the Fed's decision to start tapering its QE programme. With regards to the latter, the country is considered heavily reliant on foreign capital inflows in order to finance its elevated current account deficit (anticipated at 7.2%-of-GDP this year according to the market's median forecast), and the FOMC's decision to start trimming its asset purchases may reduce such inflows to Turkey. In order to support the lira, the Central Bank announced in a statement on Friday that it would increase the amount offered in its foreign currency sales, having sold USD 450mn on a daily basis for four consecutive days last week. It also plans to sell a min of USD 600mn today and tomorrow. In the **local rates markets** Turkish government bonds remained the primary underperformer amid persisting domestic political uncertainty. The 2-year yields rose by 44bps to a near 2-year peak of 10.17%, while the corresponding 10-year yield closed at a 4-month peak of 10.61%.

gphoka@eurobank.gr

SERBIA: Indicators	2012	2013f	2014f
Real GDP growth %	-1.7	2.0	1.0
CPI (pa, yoy %)	7.3	8.4	5.5
Budget Balance/GDP	-6.4	-5.6	-5.5
Current Account/GDP	-10.5	-4.1	-3.2
EUR/RSD (eop)	112.30	115.00	116.00
	current	2013f	2014f
Policy Rate (eop)	10.00	9.50	9.50

Source: EC Economic Forecasts, Reuters, Bloomberg, Eurobank Global Markets Research, local authorities

SERBIA

(Belgrade, 27/12/13, 16:00 CET): **Latest Political & Macro Developments:** According to the Minister of Finance, an IMF mission is expected to arrive in Belgrade mid-February, in order to negotiate a new precautionary arrangement. Although Serbia's FX reserves are currently sufficient and no additional IMF funds are needed, a successful arrangement with the IMF would likely improve Serbia's macroeconomic prospects ahead and investors' sentiment towards the country. **Market Developments:** The EUR/RSD hovered around levels of 114.45/65 on Friday. Notably, Serbia's Central Bank (NBS) intervened in the FX markets, once again, on Friday buying EUR50mn in order to halt any further weakening of the euro. NBS was not particularly aggressive in last week's interventions, buying EUR 10-20mn per day. In detail, they intervened every day purchasing EUR 10mn, except for Monday and Friday, when they bought EUR 20mn and EUR 50mn, respectively. Separately, the main stock market index BELEX15 gained 0.47% during the last trading session of the week.

nanuk.madjer@eurobank.rs
zeljko.devcic@eurobank.rs
Zoran.Korac@eurobank.rs

ROMANIA: Indicators	2012	2013f	2014f
Real GDP growth %	0.7	2.2	2.2
CPI (pa, yoy %)	5.0	1.8	3.0
Budget Balance/GDP	-3.0	-2.5	-2.2
Current Account/GDP	-4.0	-1.2	-1.5
EUR/RON (eop)	4.44	4.43	4.45
	current	2013f	2014f
Policy Rate (eop)	4.00	4.00	4.00

Source: EC Economic Forecasts, Reuters, Bloomberg, Eurobank Global Markets Research, local authorities

ROMANIA

(Bucharest, 30/12/13, 10.00 EET): **Latest Political & Macro Developments** There were no major macroeconomic developments late last week in view of the holiday period. **Market Developments:** RON markets were relatively quiet on Friday with trade volumes remaining at low levels due to the Christmas holidays.

bogdan.radulescu@bancpost.ro

GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	1841.40	0.0%	29.1%
Nikkei 225	16291.31	0.7%	56.7%
STOXX 600	327.41	-0.1%	17.1%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.3774	0.2%	4.4%
GBP/USD	1.6487	0.0%	1.5%
USD/JPY	105.13	0.0%	-17.5%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	3.00	0	124
Bund-10yr	1.95	-1	63
JGB - 10yr	0.74	4	-5

Commodities

	Last	ΔD	ΔYTD
GOLD	1205	-0.7%	-28.1%
BRENT CRUDE	168	0.0%	7.4%
LMEX	3187	1.4%	-7.8%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	8.06	-5	-180
1-week	8.34	-9	-211
1-month	8.61	-1	-249
3-month	8.87	-5	-288
6-month	9.18	-7	-303

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.92	-30	-101
5Y RSD	12.86	0	243
7Y RSD	13.75	-1	100

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.99	1	68
USD Nov-24	6.90	0	650

CDS

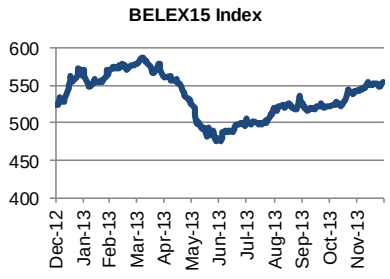
	Last	ΔDbps	ΔYTD bps
5-year	348	0	1
10-year	394	-2	-4

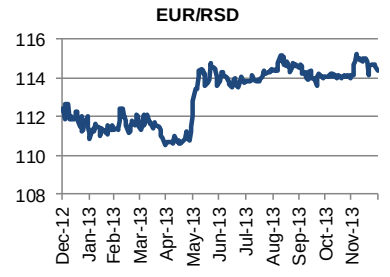
STOCKS

	Last	ΔD	ΔYTD
BELEX15	553.7	0.38%	5.69%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	114.2	0.36%	-1.37%





ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.66	-45	-464
1-month	1.93	-18	-411
3-month	2.44	-4	-361
6-month	2.99	-1	-328
12-month	3.16	-4	-314

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.95	-1	-215
5Y RON	4.70	-1	-140
10Y RON	5.31	1	-94

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	3.86	0	-81
USD Aug-23	4.77	0	35

CDS

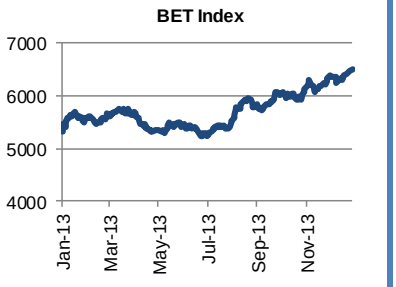
	Last	ΔDbps	ΔYTD bps
5-year	185	#N/A N/A	-29
10-year	236	#N/A N/A	-16

STOCKS

	Last	ΔD	ΔYTD
BET	6498.6	0.32%	26.20%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.464	0.09%	-0.45%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.02	0	-2
1-month	0.32	1	-9
3-month	0.65	0	-28
6-month	1.16	0	-53
12-month	2.19	0	-84

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.09	6	-7
5Y BGN	1.83	-1	18
10Y BGN	3.52	0	17

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.73	6	-52
EUR Jul-17	1.80	-2	-27

CDS

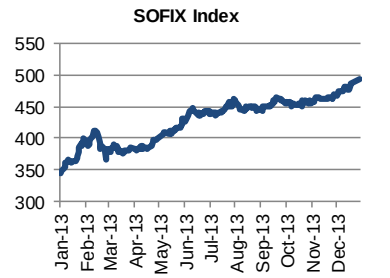
	Last	ΔDbps	ΔYTD bps
5-year	122	#N/A N/A	23
10-year	172	#N/A N/A	40

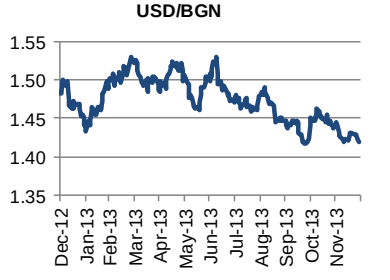
STOCKS

	Last	ΔD	ΔYTD
SOFIX	492.1	0.15%	42.45%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4201	0.20%	4.34%





Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 12:00 EET

Contributors to this issue

Zeljko Devcic
Head of Trading, Eurobank ad Beograd
+381 11 206 5822
zeljko.devcic@eurobank.rs

Zoran Korac
FX dealer, Eurobank ad Beograd
+381 11 206 5821
zoran.korac@eurobank.rs

Nanuk Madjer
Research, Eurobank ad Beograd
+381 11 3027535
nanuk.madjer@eurobank.rs

Galatia Phoka
Emerging Markets Analyst, Eurobank Ergasias
+30 210 3718922
galatia.phoka@eurobank.gr

Bogdan Radulescu, CFA
Senior Trader, Bancpost
+40 21 3656291
bogdan.radulescu@bancpost.ro

Eurobank Global Markets Research

Global Markets Research Team

Dr. Platon Monokroussos: *Head of Global Markets Research*
pmonokrousos@eurobank.gr, + 30 210 37 18 903

Paraskevi Petropoulou: *G10 Markets Analyst*
ppetropoulou@eurobank.gr, + 30 210 37 18 991

Galatia Phoka: *Emerging Markets Analyst*
gphoka@eurobank.gr, + 30 210 37 18 922

Global Markets Sales

Nikos Laios: *Head of Treasury Sales*
nlaios@eurobank.gr, + 30 210 37 18 910

Alexandra Papathanasiou: *Head of Institutional Sales*
apapathanasiou@eurobank.gr, +30 210 37 18 996

John Seimenis: *Head of Corporate Sales*
yseimenis@eurobank.gr, +30 210 37 18 909

Achilleas Stogioglou: *Head of Private Banking Sales*
astogioglou@eurobank.gr, +30 210 37 18 904

George Petrogiannis: *Head of Shipping Sales*
gpetrogiannis@eurobank.gr, +30 210 37 18 915

Vassilis Gioulbaxiotis: *Head International Sales*
vgioulbaxiotis@eurobank.gr, +30 210 3718995

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankGlobalMarketsResearch@eurobank.gr

Eurobank Global Markets Research

More research editions available at htpp://www.eurobank.gr/research

Greece Macro Monitor: Periodic overview of key macro & market developments in Greece
Daily overview of global markets & the SEE region:
Daily overview of key developments in global markets & the SEE region
South East Europe Monthly:
Monthly overview of economic & market developments in the SEE region
Global Markets & SEE themes: Special focus reports on Global Markets & the SEE region

Subscribe electronically at htpp://www.eurobank.gr/research
Follow us on twitter: https://twitter.com/Eurobank Group